

# CANADA LIFE CORE BOND FUND (PORTICO)

*(Formerly Core Bond Fund (Portico))*

CANADIAN INCOME FUND

## ***Interim Unaudited Financial Statements***

*For the Six-Month Period Ended September 30, 2020*

*These Interim Unaudited Financial Statements do not contain the Interim Management Report of Fund Performance (“MRFP”) of the investment fund. You may obtain a copy of the Interim MRFP, at no cost, by contacting us using one of the methods noted under Fund Formation and Series Information or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com). Copies of the Annual Financial Statements or Annual MRFP may also be obtained, at no cost, using any of the methods outlined above.*

*Securityholders may also contact us using one of these methods to request a copy of the investment fund’s proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.*

### **NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS**

*Mackenzie Financial Corporation, the Manager of the Fund, appoints independent auditors to audit the Fund’s Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice.*

*The Fund’s independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.*

# CANADA LIFE CORE BOND FUND (PORTICO)

(Formerly Core Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN INCOME FUND

## STATEMENTS OF FINANCIAL POSITION

In thousands (except per security figures)  
As at

	Sep. 30 2020	Mar. 31 2020 (Audited)
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Investments at fair value	437,900	298,076
Cash and cash equivalents	2,360	7,133
Accrued interest receivable	3,224	2,341
Accounts receivable for investments sold	525	1,139
Accounts receivable for securities issued	247	38
Due from manager	1	1
<b>Total assets</b>	<b>444,257</b>	<b>308,728</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable for investments purchased	–	2,427
Accounts payable for securities redeemed	485	448
Due to manager	6	5
<b>Total liabilities</b>	<b>491</b>	<b>2,880</b>
<b>Net assets attributable to securityholders</b>	<b>443,766</b>	<b>305,848</b>
<b>Net assets attributable to securityholders per series (note 3)</b>		
Q Series	75,540	70,116
H Series	5,139	3,715
HW Series	1,167	1,116
L Series	47,646	44,220
N Series	101,802	84,466
QF Series	19,415	17,376
QFW Series	5,218	4,455
Series R	186,651	79,332
Series S	1,188	1,052
<b>Net assets attributable to securityholders per security (note 3)</b>		
Q Series	12.49	11.88
H Series	12.47	11.86
HW Series	11.03	10.48
L Series	10.86	10.32
N Series	11.13	10.58
QF Series	10.30	9.79
QFW Series	11.03	10.48
Series R	11.97	11.37
Series S	12.10	11.50

## STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended September 30 (note 1)  
In thousands (except per security figures)

	2020 \$	2019 \$
<b>Income</b>		
Interest income	5,318	3,900
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(121)	129
Net unrealized gain (loss)	16,053	5,519
Securities lending income	24	18
<b>Total income (loss)</b>	<b>21,274</b>	<b>9,566</b>
<b>Expenses (note 6)</b>		
Management fees	904	725
Management fee rebates	(30)	(23)
Administration fees	137	108
Independent Review Committee fees	1	–
Other	–	1
<b>Expenses before amounts absorbed by Manager</b>	<b>1,012</b>	<b>811</b>
Expenses absorbed by Manager	–	–
<b>Net expenses</b>	<b>1,012</b>	<b>811</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>20,262</b>	<b>8,755</b>
Foreign withholding taxes	–	–
Foreign income taxes paid (recovered)	–	–
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>20,262</b>	<b>8,755</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations per series</b>		
Q Series	4,083	1,762
H Series	245	98
HW Series	73	22
L Series	2,677	1,021
N Series	5,742	2,801
QF Series	1,076	436
QFW Series	287	66
Series R	6,008	2,509
Series S	71	40
<b>Increase (decrease) in net assets attributable to securityholders from operations per security</b>		
Q Series	0.68	0.34
H Series	0.66	0.39
HW Series	0.68	0.34
L Series	0.61	0.29
N Series	0.67	0.39
QF Series	0.59	0.31
QFW Series	0.64	0.35
Series R	0.51	0.44
Series S	0.74	0.41

The accompanying notes are an integral part of these financial statements.



# CANADA LIFE CORE BOND FUND (PORTICO)

(Formerly Core Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN INCOME FUND

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the periods ended September 30 (note 1)  
In thousands

	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Q Series		H Series		HW Series		L Series		N Series	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	<b>70,116</b>	<b>56,496</b>	<b>3,715</b>	<b>2,560</b>	<b>1,116</b>	<b>680</b>	<b>44,220</b>	<b>32,689</b>	<b>84,466</b>	<b>67,275</b>
Increase (decrease) in net assets from operations	4,083	1,762	245	98	73	22	2,677	1,021	5,742	2,801
Distributions paid to securityholders:										
Investment income	(420)	(419)	(45)	(33)	(12)	(8)	(332)	(299)	(1,272)	(1,111)
Capital gains	–	–	–	–	–	–	–	–	–	–
Management fee rebates	(21)	(17)	(2)	(1)	–	–	–	–	–	–
Total distributions paid to securityholders	(441)	(436)	(47)	(34)	(12)	(8)	(332)	(299)	(1,272)	(1,111)
Security transactions:										
Proceeds from securities issued	14,082	18,862	1,718	1,026	163	62	9,671	11,980	22,603	17,991
Reinvested distributions	441	436	46	34	12	8	332	299	1,271	1,110
Payments on redemption of securities	(12,741)	(12,229)	(538)	(319)	(185)	(38)	(8,922)	(4,478)	(11,008)	(6,473)
Total security transactions	1,782	7,069	1,226	741	(10)	32	1,081	7,801	12,866	12,628
<b>Total increase (decrease) in net assets</b>	<b>5,424</b>	<b>8,395</b>	<b>1,424</b>	<b>805</b>	<b>51</b>	<b>46</b>	<b>3,426</b>	<b>8,523</b>	<b>17,336</b>	<b>14,318</b>
<b>End of period</b>	<b>75,540</b>	<b>64,891</b>	<b>5,139</b>	<b>3,365</b>	<b>1,167</b>	<b>726</b>	<b>47,646</b>	<b>41,212</b>	<b>101,802</b>	<b>81,593</b>

<b>Increase (decrease) in fund securities (note 7):</b>	<b>Securities</b>		<b>Securities</b>		<b>Securities</b>		<b>Securities</b>		<b>Securities</b>	
<b>Securities outstanding – beginning of period</b>	<b>5,904</b>	<b>4,804</b>	<b>313</b>	<b>218</b>	<b>106</b>	<b>66</b>	<b>4,285</b>	<b>3,202</b>	<b>7,986</b>	<b>6,432</b>
Issued	1,135	1,580	139	86	16	5	894	1,151	2,042	1,702
Reinvested distributions	35	37	4	3	1	1	31	29	115	105
Redeemed	(1,028)	(1,021)	(44)	(27)	(17)	(4)	(823)	(434)	(998)	(611)
<b>Securities outstanding – end of period</b>	<b>6,046</b>	<b>5,400</b>	<b>412</b>	<b>280</b>	<b>106</b>	<b>68</b>	<b>4,387</b>	<b>3,948</b>	<b>9,145</b>	<b>7,628</b>

	QF Series		QFW Series		Series R		Series S		Total	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	<b>17,376</b>	<b>12,110</b>	<b>4,455</b>	<b>1,684</b>	<b>79,332</b>	<b>59,143</b>	<b>1,052</b>	<b>1,127</b>	<b>305,848</b>	<b>233,764</b>
Increase (decrease) in net assets from operations	1,076	436	287	66	6,008	2,509	71	40	20,262	8,755
Distributions paid to securityholders:										
Investment income	(174)	(144)	(50)	(23)	(1,813)	(958)	(15)	(16)	(4,133)	(3,011)
Capital gains	–	–	–	–	–	–	–	–	–	–
Management fee rebates	(7)	(5)	–	–	–	–	–	–	(30)	(23)
Total distributions paid to securityholders	(181)	(149)	(50)	(23)	(1,813)	(958)	(15)	(16)	(4,163)	(3,034)
Security transactions:										
Proceeds from securities issued	3,553	4,323	731	927	216,623	20,348	97	–	269,241	75,519
Reinvested distributions	181	149	50	23	–	–	15	16	2,348	2,075
Payments on redemption of securities	(2,590)	(1,679)	(255)	(417)	(113,499)	(3,227)	(32)	(168)	(149,770)	(29,028)
Total security transactions	1,144	2,793	526	533	103,124	17,121	80	(152)	121,819	48,566
<b>Total increase (decrease) in net assets</b>	<b>2,039</b>	<b>3,080</b>	<b>763</b>	<b>576</b>	<b>107,319</b>	<b>18,672</b>	<b>136</b>	<b>(128)</b>	<b>137,918</b>	<b>54,287</b>
<b>End of period</b>	<b>19,415</b>	<b>15,190</b>	<b>5,218</b>	<b>2,260</b>	<b>186,651</b>	<b>77,815</b>	<b>1,188</b>	<b>999</b>	<b>443,766</b>	<b>288,051</b>

<b>Increase (decrease) in fund securities (note 7):</b>	<b>Securities</b>		<b>Securities</b>		<b>Securities</b>		<b>Securities</b>	
<b>Securities outstanding – beginning of period</b>	<b>1,775</b>	<b>1,249</b>	<b>425</b>	<b>162</b>	<b>6,976</b>	<b>5,259</b>	<b>92</b>	<b>99</b>
Issued	346	441	67	88	18,094	1,788	8	–
Reinvested distributions	18	15	5	2	–	–	1	1
Redeemed	(254)	(172)	(24)	(39)	(9,476)	(282)	(3)	(14)
<b>Securities outstanding – end of period</b>	<b>1,885</b>	<b>1,533</b>	<b>473</b>	<b>213</b>	<b>15,594</b>	<b>6,765</b>	<b>98</b>	<b>86</b>

The accompanying notes are an integral part of these financial statements.



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(Formerly Core Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN INCOME FUND

## STATEMENTS OF CASH FLOWS

For the periods ended September 30 (note 1)  
In thousands

	2020	2019
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	20,262	8,755
Adjustments for:		
Net realized loss (gain) on investments	121	(129)
Change in net unrealized loss (gain) on investments	(16,053)	(5,519)
Purchase of investments	(47,794)	(59,935)
Proceeds from sale and maturity of investments	25,316	9,023
Change in accrued interest receivable	(883)	(390)
Change in due to manager	1	–
<b>Net cash from operating activities</b>	<b>(19,030)</b>	<b>(48,195)</b>
<b>Cash flows from financing activities</b>		
Proceeds from securities issued	60,311	71,274
Payments on redemption of securities	(44,239)	(23,277)
Distributions paid net of reinvestments	(1,815)	(959)
<b>Net cash from financing activities</b>	<b>14,257</b>	<b>47,038</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,773)</b>	<b>(1,157)</b>
Cash and cash equivalents at beginning of period	7,133	7,599
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
<b>Cash and cash equivalents at end of period</b>	<b>2,360</b>	<b>6,442</b>
Cash	2,360	42
Cash equivalents	–	6,400
<b>Cash and cash equivalents at end of period</b>	<b>2,360</b>	<b>6,442</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	–	–
Foreign taxes paid	–	–
Interest received	4,435	3,510
Interest paid	–	–

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## SCHEDULE OF INVESTMENTS

As at September 30, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS</b>					
407 International Inc. 3.35% 05-16-2024 Callable 2024 MTN	Canada	Corporate - Non Convertible	2,500,000	2,716	2,701
407 International Inc. 2.43% 05-04-2027 Callable MTN	Canada	Corporate - Non Convertible	1,825,000	1,867	1,954
407 International Inc. 5.96% 12-03-2035 Callable	Canada	Corporate - Non Convertible	980,000	1,364	1,405
407 International Inc. 4.19% 04-25-2042 Callable	Canada	Corporate - Non Convertible	1,694,000	1,876	2,109
The 55 School Board Trust 5.90% 06-02-2033	Canada	Provincial Governments	464,000	510	678
Aéroports de Montréal 3.03% 04-21-2050 Callable 2049	Canada	Corporate - Non Convertible	2,300,000	2,416	2,384
Alliance Pipeline LP 5.546% 12-31-2023 Callable	Canada	Corporate - Non Convertible	18,281	19	19
Alliance Pipeline LP 6.77% 12-31-2025 Callable	Canada	Corporate - Non Convertible	74,523	84	87
AltaLink LP 3.99% 06-30-2042 Callable	Canada	Corporate - Non Convertible	1,340,000	1,601	1,656
AltaLink LP 3.72% 12-03-2046 Callable MTN	Canada	Corporate - Non Convertible	1,665,000	1,832	2,025
Bank of Montreal 2.85% 03-06-2024	Canada	Corporate - Non Convertible	3,810,000	3,888	4,042
Bank of Montreal 4.61% 09-10-2025	Canada	Corporate - Non Convertible	2,575,000	2,860	3,026
Bank of Montreal 2.70% 12-09-2026	Canada	Corporate - Non Convertible	2,410,000	2,457	2,642
The Bank of Nova Scotia 2.36% 11-08-2022	Canada	Corporate - Non Convertible	2,550,000	2,567	2,642
The Bank of Nova Scotia 2.29% 06-28-2024	Canada	Corporate - Non Convertible	2,300,000	2,299	2,424
The Bank of Nova Scotia 3.10% 02-02-2028	Canada	Corporate - Non Convertible	2,395,000	2,488	2,704
BC Telecom Inc. 9.65% 04-08-2022	Canada	Corporate - Non Convertible	155,000	208	175
bcIMC Realty Corp. 2.15% 08-11-2022 Callable 2022	Canada	Corporate - Non Convertible	2,935,000	2,951	3,009
Bell Canada Inc. 2.70% 02-27-2024 Callable 2023	Canada	Corporate - Non Convertible	2,725,000	2,735	2,864
Bell Canada Inc. 3.80% 08-21-2028 Callable 2028	Canada	Corporate - Non Convertible	2,775,000	2,887	3,167
British Columbia Ferry Services Inc. 4.29% 04-28-2044 Callable 2043	Canada	Corporate - Non Convertible	3,040,000	3,660	3,905
Bruce Power LP 4.13% 06-21-2033 Callable 2033	Canada	Corporate - Non Convertible	1,835,000	1,917	2,149
Canada Housing Trust 1.50% 12-15-2021	Canada	Federal Government	8,415,000	8,303	8,543
Canada Housing Trust 2.90% 06-15-2024	Canada	Federal Government	6,855,000	7,331	7,466
Canadian Imperial Bank of Commerce 1.90% 04-26-2021 DPNT	Canada	Corporate - Non Convertible	1,965,000	1,969	1,983
Canadian Imperial Bank of Commerce 2.04% 03-21-2022	Canada	Corporate - Non Convertible	4,150,000	4,121	4,243
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	Canada	Corporate - Non Convertible	3,655,000	3,721	3,781
Canadian National Railway Co. 3.00% 02-08-2029 Callable 2028	Canada	Corporate - Non Convertible	3,275,000	3,426	3,650
Canadian Natural Resources Ltd. 3.55% 06-03-2024	Canada	Corporate - Non Convertible	2,310,000	2,345	2,451
Canadian Tire Corp. Ltd. 3.17% 07-06-2023 Callable 2023	Canada	Corporate - Non Convertible	3,050,000	3,082	3,206
Canadian Tire Corp. Ltd. 5.61% 09-04-2035	Canada	Corporate - Non Convertible	1,265,000	1,378	1,490
CU Inc. 5.556% 10-30-2037 Callable	Canada	Corporate - Non Convertible	1,425,000	1,893	2,006
CU Inc. 4.54% 10-24-2041 Callable	Canada	Corporate - Non Convertible	1,930,000	2,297	2,515
Enbridge Pipelines Inc. 5.33% 04-06-2040 Callable	Canada	Corporate - Non Convertible	1,305,000	1,524	1,661
Fédération des Caisses Desjardins du Québec 2.39% 08-25-2022	Canada	Corporate - Non Convertible	2,795,000	2,801	2,889
Fédération des Caisses Desjardins du Québec 3.06% 09-11-2023	Canada	Corporate - Non Convertible	2,275,000	2,318	2,426
Government of Canada 3.25% 06-01-2021	Canada	Federal Government	1,240,000	1,328	1,265
Government of Canada 2.75% 06-01-2022	Canada	Federal Government	11,650,000	12,386	12,147
Government of Canada 2.00% 09-01-2023	Canada	Federal Government	5,195,000	5,434	5,458
Government of Canada 2.25% 03-01-2024	Canada	Federal Government	1,550,000	1,607	1,655
Government of Canada 2.50% 06-01-2024	Canada	Federal Government	6,245,000	6,567	6,756
Government of Canada 2.25% 06-01-2025	Canada	Federal Government	11,335,000	11,884	12,363
Government of Canada 2.00% 06-01-2028	Canada	Federal Government	6,825,000	6,889	7,622
Government of Canada 5.75% 06-01-2029	Canada	Federal Government	6,475,000	9,073	9,342
Government of Canada 1.25% 06-01-2030	Canada	Federal Government	2,000,000	2,129	2,128
Government of Canada 5.75% 06-01-2033	Canada	Federal Government	2,925,000	4,219	4,714
Government of Canada 4.00% 06-01-2041	Canada	Federal Government	5,225,000	6,990	8,204
Government of Canada 2.75% 12-01-2048	Canada	Federal Government	2,915,000	3,449	4,087

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CANADIAN INCOME FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
Government of Canada 2.00% 12-01-2051	Canada	Federal Government	7,380,000	8,386	9,101
Greater Toronto Airports Authority 3.04% 09-21-2022	Canada	Corporate - Non Convertible	900,000	909	930
Greater Toronto Airports Authority 6.98% 10-15-2032 Callable	Canada	Corporate - Non Convertible	1,450,000	2,006	2,109
Greater Toronto Airports Authority 6.47% 02-02-2034 Callable	Canada	Corporate - Non Convertible	865,000	1,169	1,236
Greater Toronto Airports Authority 2.75% 10-17-2039	Canada	Corporate - Non Convertible	2,155,000	2,184	2,142
Greater Toronto Airports Authority 5.30% 02-25-2041 Callable	Canada	Corporate - Non Convertible	1,435,000	1,910	1,989
Honda Canada Finance Inc. 2.27% 07-15-2022	Canada	Corporate - Non Convertible	2,990,000	2,995	3,069
Honda Canada Finance Inc. 1.34% 03-17-2026	Canada	Corporate - Non Convertible	367,000	367	367
Hydro One Inc. 3.20% 01-13-2022	Canada	Corporate - Non Convertible	2,450,000	2,515	2,533
Hydro One Inc. 6.93% 06-01-2032	Canada	Corporate - Non Convertible	2,145,000	3,039	3,225
Hydro One Inc. 5.36% 05-20-2036	Canada	Corporate - Non Convertible	1,050,000	1,241	1,437
Hydro One Inc. 4.39% 09-26-2041	Canada	Corporate - Non Convertible	1,685,000	1,988	2,165
Inter Pipeline Ltd. 2.61% 09-13-2023 Callable MTN	Canada	Corporate - Non Convertible	1,725,000	1,778	1,773
Inter-American Development Bank 4.40% 01-26-2026	Supra - National	n/a	265,000	253	315
Interprovincial Pipe Line Ltd. 8.20% 02-15-2024	Canada	Corporate - Non Convertible	231,000	297	282
Loblaw Companies Ltd. 6.85% 03-01-2032 Callable	Canada	Corporate - Non Convertible	903,000	1,089	1,243
National Bank of Canada 1.96% 06-30-2022	Canada	Corporate - Non Convertible	3,200,000	3,156	3,277
National Bank of Canada 2.58% 02-03-2025	Canada	Corporate - Non Convertible	2,385,000	2,427	2,527
NAV CANADA 4.397% 02-18-2021 Callable	Canada	Corporate - Non Convertible	800,000	837	812
North West Redwater Partnership/NWR Financing Co. Ltd. 3.70% 02-23-2043 Callable 2042	Canada	Corporate - Non Convertible	2,675,000	2,651	2,890
North West Redwater Partnership 3.20% 04-24-2026 Callable 2026	Canada	Corporate - Non Convertible	2,600,000	2,665	2,808
Ontario School Boards Financing Corp. 5.483% 11-26-2029	Canada	Provincial Governments	132,143	133	159
Ottawa Macdonald-Cartier International Airport Authority 6.973% 05-25-2032 Callable	Canada	Corporate - Non Convertible	108,639	128	141
Province of Alberta 2.35% 06-01-2025	Canada	Provincial Governments	4,100,000	4,182	4,396
Province of Alberta 2.55% 06-01-2027	Canada	Provincial Governments	3,655,000	3,736	4,007
Province of Alberta 2.05% 06-01-2030	Canada	Provincial Governments	1,850,000	1,840	1,946
Province of Alberta 3.45% 12-01-2043	Canada	Provincial Governments	2,450,000	2,693	2,978
Province of Alberta 3.05% 12-01-2048	Canada	Provincial Governments	3,900,000	4,141	4,524
Province of British Columbia 2.85% 06-18-2025	Canada	Provincial Governments	4,310,000	4,568	4,747
Province of British Columbia 2.30% 06-18-2026	Canada	Provincial Governments	3,930,000	4,081	4,266
Province of British Columbia 5.70% 06-18-2029	Canada	Provincial Governments	2,800,000	3,523	3,850
Province of British Columbia 2.20% 06-18-2030	Canada	Provincial Governments	2,500,000	2,731	2,724
Province of British Columbia 4.95% 06-18-2040	Canada	Provincial Governments	1,240,000	1,689	1,873
Province of British Columbia 4.30% 06-18-2042	Canada	Provincial Governments	2,725,000	3,505	3,881
Province of British Columbia 2.95% 06-18-2050	Canada	Provincial Governments	3,590,000	3,975	4,391
Province of Manitoba 5.70% 03-05-2037	Canada	Provincial Governments	675,000	873	1,031
Province of New Brunswick 1.80% 08-14-2025	Canada	Provincial Governments	2,390,000	2,427	2,507
Province of New Brunswick 2.35% 08-14-2027	Canada	Provincial Governments	2,525,000	2,596	2,742
Province of New Brunswick 5.50% 01-27-2034	Canada	Provincial Governments	535,000	682	774
Province of New Brunswick 4.55% 03-26-2037	Canada	Provincial Governments	1,005,000	1,260	1,362
Province of New Brunswick 3.80% 08-14-2045	Canada	Provincial Governments	2,000,000	2,266	2,584
Province of Nova Scotia 4.50% 06-01-2037	Canada	Provincial Governments	1,050,000	1,220	1,434
Province of Ontario 3.50% 06-02-2024	Canada	Provincial Governments	3,185,000	3,408	3,521
Province of Ontario 2.60% 06-02-2025	Canada	Provincial Governments	3,500,000	3,639	3,802
Province of Ontario 1.75% 09-08-2025	Canada	Provincial Governments	5,100,000	5,200	5,348

# CANADA LIFE CORE BOND FUND (PORTICO)

(Formerly Core Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN INCOME FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
Province of Ontario 2.60% 06-02-2027	Canada	Provincial Governments	3,100,000	3,238	3,430
Province of Ontario 2.05% 06-02-2030	Canada	Provincial Governments	4,525,000	4,678	4,837
Province of Ontario 5.85% 03-08-2033	Canada	Provincial Governments	2,205,000	2,993	3,295
Province of Ontario 4.70% 06-02-2037	Canada	Provincial Governments	4,345,000	5,348	6,161
Province of Ontario 4.60% 06-02-2039	Canada	Provincial Governments	4,425,000	5,485	6,323
Province of Ontario 4.65% 06-02-2041	Canada	Provincial Governments	3,395,000	4,370	4,961
Province of Ontario 3.50% 06-02-2043	Canada	Provincial Governments	3,835,000	4,261	4,882
Province of Ontario 2.90% 06-02-2049	Canada	Provincial Governments	4,700,000	5,203	5,592
Province of Ontario 2.65% 12-02-2050	Canada	Provincial Governments	3,100,000	3,403	3,550
Province of Quebec 3.75% 09-01-2024	Canada	Provincial Governments	3,495,000	3,793	3,924
Province of Quebec 2.75% 09-01-2025	Canada	Provincial Governments	1,100,000	1,199	1,208
Province of Quebec 2.75% 09-01-2027	Canada	Provincial Governments	3,850,000	4,066	4,317
Province of Quebec 2.75% 09-01-2028	Canada	Provincial Governments	4,050,000	4,153	4,570
Province of Quebec 2.30% 09-01-2029	Canada	Provincial Governments	2,850,000	2,972	3,124
Province of Quebec 6.00% 10-01-2029	Canada	Provincial Governments	2,070,000	2,607	2,913
Province of Quebec 1.90% 09-01-2030	Canada	Provincial Governments	3,800,000	4,014	4,023
Province of Quebec 5.75% 12-01-2036	Canada	Provincial Governments	2,617,000	3,440	4,090
Province of Quebec 5.00% 12-01-2041	Canada	Provincial Governments	2,345,000	3,259	3,593
Province of Quebec 4.25% 12-01-2043	Canada	Provincial Governments	3,660,000	4,523	5,197
Province of Quebec 3.50% 12-01-2045	Canada	Provincial Governments	5,250,000	5,951	6,795
Province of Quebec 3.50% 12-01-2048	Canada	Provincial Governments	3,950,000	4,647	5,209
Province of Saskatchewan 5.80% 09-05-2033	Canada	Provincial Governments	650,000	833	962
Royal Bank of Canada 3.30% 09-26-2023	Canada	Corporate - Non Convertible	4,130,000	4,265	4,414
Royal Bank of Canada 2.33% 12-05-2023 DPNT	Canada	Corporate - Non Convertible	3,250,000	3,285	3,409
Royal Bank of Canada 4.93% 07-16-2025	Canada	Corporate - Non Convertible	2,750,000	3,140	3,266
Royal Bank of Canada F/R 06-30-2030 Callable 2025	Canada	Corporate - Non Convertible	920,000	920	939
Saputo Inc. 2.88% 11-19-2024 Callable 2024	Canada	Corporate - Non Convertible	2,950,000	3,026	3,144
Scotiabank Capital Trust 5.65% 12-31-2056 (F/R @ 12-31-2036) Callable 2036	Canada	Corporate - Non Convertible	590,000	688	727
Sobeys Inc. 4.70% 08-08-2023	Canada	Corporate - Non Convertible	630,000	651	688
Sun Life Financial Inc. F/R 09-19-2028 Callable 2023	Canada	Corporate - Non Convertible	2,300,000	2,328	2,429
Sun Life Financial Inc. F/R 05-10-2032 Callable 2027	Canada	Corporate - Non Convertible	1,850,000	1,874	1,960
Suncor Energy Inc. 3.10% 11-26-2021 Callable 2021	Canada	Corporate - Non Convertible	2,825,000	2,883	2,886
Suncor Energy Inc. 3.10% 05-24-2029 Callable 2029	Canada	Corporate - Non Convertible	2,850,000	2,947	2,985
TELUS Corp. 3.75% 01-17-2025 Callable	Canada	Corporate - Non Convertible	2,225,000	2,311	2,447
TELUS Corp. 4.40% 04-01-2043 Callable	Canada	Corporate - Non Convertible	2,300,000	2,439	2,647
The Toronto-Dominion Bank 1.68% 06-08-2021 Covered	Canada	Corporate - Non Convertible	1,765,000	1,765	1,782
The Toronto-Dominion Bank 2.621% 12-22-2021	Canada	Corporate - Non Convertible	2,975,000	3,027	3,054
The Toronto-Dominion Bank 2.85% 03-08-2024	Canada	Corporate - Non Convertible	4,805,000	4,993	5,109
The Toronto-Dominion Bank 3.226% 07-24-2024	Canada	Corporate - Non Convertible	2,470,000	2,596	2,691
The Toronto-Dominion Bank F/R 01-26-2032 Callable 2027	Canada	Corporate - Non Convertible	2,310,000	2,346	2,497
Toyota Credit Canada Inc. 2.11% 02-26-2025	Canada	Corporate - Non Convertible	2,115,000	2,136	2,204
TransCanada PipeLines Ltd. 3.30% 07-17-2025 Callable 2025 MTN	Canada	Corporate - Non Convertible	2,200,000	2,387	2,380
TransCanada PipeLines Ltd. 6.50% 12-09-2030	Canada	Corporate - Non Convertible	160,000	169	208
Union Gas Ltd. 2.88% 11-22-2027 Callable 2027	Canada	Corporate - Non Convertible	1,700,000	1,747	1,876
University of Toronto 6.78% 07-18-2031	Canada	Provincial Governments	155,000	180	223
Vancouver Airport Authority 2.87% 10-18-2049	Canada	Corporate - Non Convertible	2,300,000	2,400	2,307

# CANADA LIFE CORE BOND FUND (PORTICO)

(Formerly Core Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN INCOME FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
Westcoast Energy Inc. 3.88% 10-28-2021	Canada	Corporate - Non Convertible	420,000	447	433
Westcoast Energy Inc. 3.12% 12-05-2022	Canada	Corporate - Non Convertible	1,150,000	1,175	1,203
<b>Total bonds</b>				<b>412,585</b>	<b>437,900</b>
Transaction costs				—	—
<b>Total investments</b>				<b>412,585</b>	<b>437,900</b>
Cash and cash equivalents					2,360
Other assets less liabilities					3,506
<b>Total net assets</b>					<b>443,766</b>



# CANADA LIFE CORE BOND FUND (PORTICO)

(Formerly Core Bond Fund (Portico))

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## SUMMARY OF INVESTMENT PORTFOLIO

September 30, 2020	
Portfolio Allocation	% of NAV
Bonds	98.7
Other assets (liabilities)	0.8
Cash and short-term investments	0.5
Regional Allocation	
	% of NAV
Canada	98.7
Other assets (liabilities)	0.8
Cash and short-term investments	0.5
Sector Allocation	
	% of NAV
Corporate bonds	39.2
Provincial bonds	36.7
Federal bonds	22.7
Other assets (liabilities)	0.8
Cash and short-term investments	0.5
Supra-national bonds	0.1

March 31, 2020	
Portfolio Allocation	% of NAV
Bonds	97.5
Cash and short-term investments	2.3
Other assets (liabilities)	0.2
Regional Allocation	
	% of NAV
Canada	97.4
Cash and short-term investments	2.3
Other assets (liabilities)	0.2
United States	0.1
Sector Allocation	
	% of NAV
Corporate bonds	38.7
Provincial bonds	32.5
Federal bonds	26.2
Cash and short-term investments	2.3
Other assets (liabilities)	0.2
Supra-national bonds	0.1

# CANADA LIFE CORE BOND FUND (PORTICO)

(Formerly Core Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the six-month periods ended or as at September 30, 2020 and 2019, except for the comparative information presented in the Statements of Financial Position and notes thereto, which is as at March 31, 2020, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to Note 9 for the formation date of the Fund and the inception date of each series.

The Fund is organized as an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the Fund's registered office is 180 Queen Street West, Toronto, Ontario, Canada. The Fund is authorized to issue an unlimited number of units (referred to as "security" or "securities") of multiple series. Series of the Fund are available for sale under Simplified Prospectus or exempt distribution options.

Mackenzie Financial Corporation ("Mackenzie") is the manager of the Fund and is wholly owned by IGM Financial Inc., a subsidiary of Power Corporation of Canada. The Canada Life Assurance Company is also a subsidiary of Power Corporation of Canada. Investments in companies within the Power Group of companies held by the Fund are identified in the Schedule of Investments.

### 2. Basis of Preparation and Presentation

These unaudited interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared using the same accounting policies, critical accounting judgements and estimates as applied in the Fund's most recent audited annual financial statements for the year ended March 31, 2020. A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency, and rounded to the nearest thousand unless otherwise indicated. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities that have been measured at fair value.

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on November 10, 2020.

### 3. Significant Accounting Policies

#### (a) Financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Upon initial recognition, financial instruments are classified as fair value through profit or loss ("FVTPL"). All financial instruments are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statement of Comprehensive Income – Other changes in fair value of investments and other net assets – Net unrealized gain (loss).

The Fund's redeemable securities contain multiple dissimilar contractual obligations and therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

IAS 7, *Statement of Cash Flows*, requires disclosures related to changes in liabilities and assets, such as the securities of the Fund, arising from financing activities. Changes in securities of the Fund, including both changes from cash flows and non-cash changes, are included in the Statement of Changes in Financial Position. Any changes in the securities not settled in cash as at the end of the period are presented as either Accounts receivable for securities issued or Accounts payable for securities redeemed in the Statement of Financial Position. These accounts receivable and accounts payable amounts typically settle shortly after period-end.

Realized and unrealized gains and losses on investments are calculated based on the weighted average cost of investments and exclude commissions and other portfolio transaction costs, which are separately reported in the Statement of Comprehensive Income – Commissions and other portfolio transaction costs.

# CANADA LIFE CORE BOND FUND (PORTICO)

(Formerly Core Bond Fund (Portico))

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CANADIAN INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

#### (a) Financial instruments (cont'd)

Gains and losses arising from changes in the fair value of the investments are included in the Statement of Comprehensive Income for the period in which they arise.

The Fund accounts for its holdings in unlisted open-ended investment funds and exchange-traded funds, if any, at FVTPL. Mackenzie has concluded that any unlisted open-ended investment funds and exchange-traded funds in which the Fund invests, do not meet either the definition of a structured entity or the definition of an associate.

#### (b) Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments listed on a public securities exchange or traded on an over-the-counter market are valued on the basis of the last traded market price or close price recorded by the security exchange on which the security is principally traded, where this price falls within the quoted bid-ask spread for the investment. In circumstances where this price is not within the bid-ask spread, Mackenzie determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Mutual fund securities of an underlying fund are valued on a business day at the price calculated by the manager of such underlying fund in accordance with the constating documents of such underlying fund. Unlisted or non-exchange traded investments, or investments where a last sale or close price is unavailable or investments for which market quotations are, in Mackenzie's opinion, inaccurate, unreliable, or not reflective of all available material information, are valued at their fair value as determined by Mackenzie using appropriate and accepted industry valuation techniques including valuation models. The fair value determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data.

The cost of investments is determined on a weighted average cost basis.

Cash and cash equivalents which includes cash on deposit with financial institutions and short-term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the Fund in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented under current liabilities as bank indebtedness in the Statement of Financial Position.

The Fund may use derivatives (such as written options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest rates or exchange rates. The Fund may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets, to gain exposure to other currencies, to seek to generate additional income, and/or for any other purpose considered appropriate by the Fund's portfolio manager(s), provided that the use of the derivative is consistent with the Fund's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the Fund, as applicable. Refer to "Exemptions from National Instrument 81-102" in the Annual Information Form of the Fund for further details, including the complete conditions of these exemptions, as applicable.

Valuations of derivative instruments are carried out daily, using normal exchange reporting sources for exchange-traded derivatives and specific broker enquiry for over-the-counter derivatives.

The value of forward contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out. The change in value of forward contracts is included in the Statement of Comprehensive Income – Other changes in fair value of investments and other net assets – Net unrealized gain (loss).

The value of futures contracts or swaps fluctuates daily, and cash settlements made daily, where applicable, by the Fund are equal to the unrealized gains or losses on a "mark to market" basis. These unrealized gains or losses are recorded and reported as such until the Fund closes out the contract or the contract expires. Margin paid or deposited in respect of futures contracts or swaps is reflected as a receivable in the Statement of Financial Position – Margin on derivatives. Any change in the variation margin requirement is settled daily.

Premiums received from writing options are included in the Statement of Financial Position as a liability and subsequently adjusted daily to fair value. If a written option expires unexercised, the premium received is recognized as a realized gain. If a written call option is exercised, the difference between the proceeds of the sale plus the value of the premium, and the cost of the security is recognized as a realized gain or loss. If a written put option is exercised, the cost of the security acquired is the exercise price of the option less the premium received.

Refer to the Schedule of Derivative Instruments and Schedule of Options Purchased/Written, as applicable, included in the Schedule of Investments for a listing of derivative and options positions as at September 30, 2020.

# CANADA LIFE CORE BOND FUND (PORTICO)

(Formerly Core Bond Fund (Portico))

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CANADIAN INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

#### (c) Income recognition

Interest income from interest bearing investments is recognized using the effective interest method. Dividends are accrued as of the ex-dividend date. Realized gains or losses on the sale of investments, including foreign exchange gains or losses on such investments, are calculated on an average cost basis. Distributions received from an underlying fund are included in interest income, dividend income, realized gains (losses) on sale of investments or fee rebate income, as appropriate.

Income, realized gains (losses) and unrealized gains (losses) are allocated daily among the series on a pro-rata basis.

#### (d) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers. Commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. Where applicable and ascertainable, the value of third-party services that were paid for by brokers during the periods is disclosed in Note 9. The value of certain proprietary services provided by brokers cannot be reasonably estimated.

#### (e) Securities lending, repurchase and reverse repurchase transactions

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Fund's Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date.

Securities lending transactions are administered by Canadian Imperial Bank of Commerce (the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statement of Comprehensive Income – Securities lending income and recognized when earned.

Note 9 summarizes the details of securities loaned and collateral received, as well as a reconciliation of securities lending income, if applicable.

#### (f) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Note 9 summarizes the details of such offsetting, if applicable.

Income and expenses are not offset in the Statement of Comprehensive Income unless required or permitted to by an accounting standard, as specifically disclosed in the IFRS policies of the Fund.

#### (g) Foreign currency

The functional and presentation currency of the Fund is Canadian dollars. Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated to Canadian dollars at the rate of exchange prevailing at the time of the transactions.

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in the Statement of Comprehensive Income – Other changes in fair value of investments and other net assets – Net realized gain (loss).

The fair value of investments and other assets and liabilities, denominated in foreign currencies, are translated to Canadian dollars at the rate of exchange prevailing on each business day.

#### (h) Net assets attributable to securityholders per security

Net assets attributable to securityholders per security is computed by dividing the net assets attributable to securityholders of a series of securities on a business day by the total number of securities of the series outstanding on that day.

#### (i) Net asset value per security

The daily Net Asset Value ("NAV") of an investment fund may be calculated without reference to IFRS as per the Canadian Securities Administrators' ("CSA") regulations. The difference between NAV and Net assets attributable to securityholders (as reported in the financial statements), if any, is mainly due to differences in fair value of investments and other financial assets and liabilities. Refer to Note 9 for the Fund's NAV per security.

# CANADA LIFE CORE BOND FUND (PORTICO)

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CANADIAN INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

(j) Increase (decrease) in net assets attributable to securityholders from operations per security

Increase (decrease) in net assets attributable to securityholders from operations per security in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to securityholders from operations for the period, divided by the weighted average number of securities outstanding during the period.

(k) Mergers

The Fund applies the acquisition method of accounting for Fund mergers. Under this method, one of the Funds in each merger is identified as the acquiring Fund, and is referred to as the Continuing Fund, and the other Fund involved in the merger is referred to as the Terminated Fund. This identification is based on the comparison of the relative net asset values of the Funds as well as consideration of the continuation of such aspects of the Continuing Fund as: investment advisors; investment objectives and practices; type of portfolio securities; and management fees and expenses.

### 4. Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and assumptions that primarily affect the valuation of investments. Estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

The duration and long-term impact of the novel coronavirus (COVID-19) pandemic on businesses and markets, and the extent of additional economic relief measures which may be offered by some governments and central banks, are unknown at the reporting date. The Manager uses judgment in assessing the impact from such events on the assumptions and estimates applied in reporting the assets and liabilities in the Fund's financial statements at September 30, 2020. However, this uncertainty means it is impossible to reliably estimate the impact on the financial results and position of the Fund in future periods.

#### Use of Estimates

##### *Fair value of securities not quoted in an active market*

The Fund may hold financial instruments that are not quoted in active markets and are valued using valuation techniques that make use of observable data, to the extent practicable. Various valuation techniques are utilized, depending on a number of factors, including comparison with similar instruments for which observable market prices exist and recent arm's length market transactions. Key inputs and assumptions used are company specific and may include estimated discount rates and expected price volatilities. Changes in key inputs, could affect the reported fair value of these financial instruments held by the Fund.

#### Use of Judgments

##### *Classification and measurement of investments and application of the fair value option*

In classifying and measuring financial instruments held by the Fund, Mackenzie is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. Mackenzie has assessed the Fund's business model, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's financial instruments.

##### *Functional currency*

The Fund's functional and presentation currency is the Canadian dollar, which is the currency considered to best represent the economic effects of the Fund's underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the Fund are measured.

##### *Structured entities and associates*

In determining whether an unlisted open-ended investment fund or an exchange-traded fund in which the Fund invests, but that it does not consolidate, meets the definitions of either a structured entity or of an associate, Mackenzie is required to make significant judgments about whether these underlying funds have the typical characteristics of a structured entity or of an associate. Mackenzie has assessed the characteristics of these underlying funds and has concluded that they do not meet the definition of either a structured entity or of an associate because the Fund does not have contracts or financing arrangements with these underlying funds and the Fund does not have an ability to influence the activities of these underlying funds or the returns it receives from investing in these underlying funds.

# CANADA LIFE CORE BOND FUND (PORTICO)

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## NOTES TO FINANCIAL STATEMENTS

### 5. Income Taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income including net realized capital gains in the taxation year, which is not paid or payable to its securityholders as at the end of the taxation year. It is the intention of the Fund to distribute all of its net income and sufficient net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable.

Losses of the Fund cannot be allocated to investors and are retained in the Fund for use in future years. Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 9 for the Fund's loss carryforwards.

### 6. Management Fees and Operating Expenses

Mackenzie is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by investors. The management fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Each series of the Fund, except B-Series, is charged a fixed rate annual administration fee ("Administration Fee") and in return, Mackenzie bears all of the operating expenses of the Fund, other than certain specified fund costs. The Administration Fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, all fees and expenses of the Mackenzie Funds' Independent Review Committee (IRC), costs of complying with the regulatory requirement to produce Fund Facts, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Funds, new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after the date of the most recently filed simplified prospectus, and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after the date of the most recently filed simplified prospectus.

All expenses relating to the operation of the Fund attributable to B-Series securities will be charged to that particular series. Operating expenses include legal, audit, transfer agent, custodian, administration and trustee services, cost of financial reporting and Simplified Prospectus printing, regulatory filing fees and other miscellaneous expenses specifically attributable to the B-Series securities and any applicable taxes.

Mackenzie may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 9 for the management fee and Administration Fee rates charged to each series of securities.

### 7. Fund's Capital

The capital of the Fund, which is comprised of the net assets attributable to securityholders, is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at September 30, 2020 and 2019 and securities issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 9.

### 8. Financial Instruments Risk

#### i. Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at September 30, 2020, grouped by asset type, with geographic and sector information.

Mackenzie seeks to minimize potential adverse effects of financial risks on the Fund's performance by employing professional, experienced portfolio advisors, by monitoring the Fund's positions and market events daily, by diversifying the investment portfolio within the constraints of the Fund's investment objectives, and where applicable, by using derivatives to hedge certain risk exposures. To assist in managing risks, Mackenzie also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines, and securities regulations.

# CANADA LIFE CORE BOND FUND (PORTICO)

(Formerly Core Bond Fund (Portico))

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## NOTES TO FINANCIAL STATEMENTS

### 8. Financial Instruments Risk (cont'd)

#### ii. Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In order to monitor the liquidity of its assets, the Fund utilizes a liquidity risk management program that calculates the number of days to convert the investments held by the Fund into cash using a multi-day liquidation approach. This liquidity risk analysis assesses the Fund's liquidity against predetermined minimum liquidity percentages established for different time periods and is monitored quarterly. In addition, the Fund has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

In order to comply with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e., investments that can be readily sold).

#### iii. Currency risk

Currency risk arises when the fair value of financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, fluctuates due to changes in exchange rates. Note 9 summarizes the Fund's exposure, if applicable and significant, to currency risk.

#### iv. Interest rate risk

Interest rate risk arises when the fair value of interest-bearing financial instruments fluctuates due to changes in the prevailing levels of market interest rates. Cash and cash equivalents do not expose the Fund to significant amounts of interest rate risk. Note 9 summarizes the Fund's exposure, if applicable and significant, to interest rate risk.

#### v. Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies. Except for certain derivative contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on certain derivative contracts such as forwards, swaps, and futures contracts is equal to their notional values. In the case of written call (put) options and short futures contracts, the loss to the Fund continues to increase, without limit, as the fair value of the underlying interest increases (decreases). However, these instruments are generally used within the overall investment management process to manage the risk from the underlying investments and do not typically increase the overall risk of loss to the Fund. This risk is mitigated by ensuring that the Fund holds a combination of the underlying interest, cash cover and/or margin that is equal to or greater than the value of the derivative contract. Note 9 summarizes the Fund's exposure, if applicable and significant, to other price risk.

#### vi. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Note 9 summarizes the Fund's exposure, if applicable and significant, to credit risk.

All transactions in listed securities are executed with approved brokers. To minimize the possibility of settlement default, securities are exchanged for payment simultaneously, where market practices permit, through the facilities of a central depository and/or clearing agency where customary.

The carrying amount of investments and other assets represents the maximum credit risk exposure as at the date of the Statement of Financial Position.

The Fund may enter into securities lending transactions with counterparties and it may also be exposed to credit risk from the counterparties to the derivative instruments it may use. Credit risk associated with these transactions is considered minimal as all counterparties have a rating equivalent to a designated rating organization's credit rating of not less than A-1 (low) on their short-term debt and of A on their long-term debt, as applicable.

#### vii. Underlying funds

The Fund may invest in underlying funds and may be indirectly exposed to currency risk, interest rate risk, other price risk and credit risk from fluctuations in the value of financial instruments held by the underlying funds. Note 9 summarizes the Fund's exposure, if applicable and significant, to these risks from underlying funds.

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(Formerly Core Bond Fund (Portico))

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## NOTES TO FINANCIAL STATEMENTS

### 9. Fund Specific Information (in '000s, except for (a))

#### (a) Fund Formation and Series Information

Date of Formation August 17, 1999

The Fund may issue an unlimited number of securities of each series. The number of issued and outstanding securities of each series is disclosed in the Statements of Changes in Financial Position.

**Series Distributed by Quadrus Investment Services Ltd.** (255 Dufferin Ave., London, Ontario, N6A 4K1; 1-888-532-3322; www.canadalife.com)

Quadrus Investment Services Ltd. ("Quadrus") is the principal distributor of the series of securities listed below:

Q Series securities are offered to investors investing a minimum of \$500. Before August 14, 2020, Q Series securities were known as Quadrus Series.

H Series securities are offered to investors investing a minimum of \$500, who are enrolled in a Quadrus-sponsored fee-for-service or wrap program and who are subject to an asset-based fee.

HW Series securities are offered to high net worth investors investing a minimum of \$100,000 and who have eligible minimum total holdings of \$500,000, who are enrolled in a Quadrus-sponsored fee-for-service or wrap program and who are subject to an asset-based fee.

L Series securities are offered to investors investing a minimum of \$100,000 and who have eligible minimum total holdings of \$500,000.

N Series securities are offered to investors investing a minimum of \$100,000, who have eligible minimum total holdings of \$500,000, and who have entered into an N type series account agreement with Mackenzie and Quadrus.

QF Series securities are offered to retail investors investing a minimum of \$500. Investors are required to negotiate their advisor service fee, which cannot exceed 1.25%, with their financial advisor.

QFW Series securities are offered to high net worth investors investing a minimum of \$100,000 and who have eligible minimum total holdings of \$500,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.25%, with their financial advisor.

Series R securities are offered only to other affiliated funds and certain institutional investors in connection with fund-of-fund arrangements.

Series S securities are offered to The Canada Life Assurance Company and certain other mutual funds, but may be sold to other investors as determined by Mackenzie.

An investor in the Fund may choose among different purchase options that are available under each series. These purchase options are a sales charge purchase option, a redemption charge purchase option, a low-load purchase option and a no-load purchase option. The charges under the sales charge purchase option are negotiated by investors with their dealers. The charges under the redemption charge and low-load purchase options are paid to Mackenzie if an investor redeems securities of the Fund during specific periods. Not all purchase options are available under each series of the Fund, and the charges for each purchase option may vary among the different series. For further details on these purchase options, please refer to the Fund's Simplified Prospectus and Fund Facts.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Sep. 30, 2020	Mar. 31, 2020
Q Series <sup>(2)</sup>	September 7, 1999	1.30%	0.17%	12.49	11.88
H Series	January 15, 2001	0.65%	0.15%	12.47	11.86
HW Series	August 7, 2018	0.45%	0.15%	11.03	10.48
L Series	October 4, 2011	1.00%	0.15%	10.86	10.32
N Series	October 24, 2011	— <sup>(1)</sup>	— <sup>(1)</sup>	11.13	10.58
QF Series	July 12, 2016	0.65%	0.17%	10.30	9.79
QFW Series	August 7, 2018	0.45%	0.15%	11.03	10.48
Series R	July 3, 2007	—*	—*	11.97	11.37
Series S	October 24, 2008	— <sup>(1)</sup>	0.02%	12.10	11.50

\* Not applicable.

(1) This fee is negotiable and payable directly to Mackenzie by investors in this series.

(2) Before August 14, 2020, Q Series securities were known as Quadrus Series.



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## NOTES TO FINANCIAL STATEMENTS

### 9. Fund Specific Information (in '000s, except for (a)) (cont'd)

#### (b) Investments by Mackenzie and Affiliates

As at September 30, 2020, The Canada Life Assurance Company, an affiliate of Mackenzie, other funds managed by Mackenzie and Segregated funds managed by The Canada Life Assurance Company had investments of \$10, \$186,651 and \$1,188 (March 31, 2020 – \$10, \$79,332 and \$1,052), respectively, in the Fund.

#### (c) Loss Carryforwards

As at the last taxation year-end, the Fund has capital losses of \$1,033 which may be carried forward indefinitely to reduce future realized capital gains. There were no non-capital losses available to carry forward for tax purposes.

#### (d) Securities Lending

The value of securities loaned and collateral received from securities lending at September 30, 2020 and March 31, 2020, were as follows:

	September 30, 2020	March 31, 2020
	(\$)	(\$)
Value of securities loaned	95,855	64,652
Value of collateral received	100,697	68,024

Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments and financial institutions.

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the Fund for the periods ended September 30, 2020 and 2019 is as follows:

	2020		2019	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	29	100.0	24	100.0
Tax withheld	–	–	–	–
	29	100.0	24	100.0
Payments to Securities Lending Agent	(5)	(17.2)	(6)	(25.0)
Securities lending income	24	82.8	18	75.0

#### (e) Name Change

Effective August 14, 2020, the Fund was renamed Canada Life Core Bond Fund (Portico).

#### (f) Offsetting of Financial Assets and Liabilities

As at September 30, 2020 and March 31, 2020, there were no amounts subject to offsetting.

#### (g) Subsequent Events

Effective on or about January 1, 2021, the Fund's manager and trustee will change to Canada Life Investment Management Ltd. ("CLIML"), an affiliate of Mackenzie. This change received a positive recommendation from the Mackenzie Funds' Independent Review Committee and is subject to regulatory approval for CLIML to be registered as an investment fund manager.

Concurrent with this change, Mackenzie will replace GLC Asset Management Group Ltd. as sub-advisor to the Fund.

#### (h) Risks Associated with Financial Instruments

##### i. Risk exposure and management

The Fund seeks income and moderate capital growth by investing primarily in Canadian government fixed income securities and high-quality, or investment grade, corporate fixed income securities. It may hold up to 30% of its assets in foreign investments.

##### ii. Currency risk

As at September 30, 2020 and March 31, 2020, the Fund did not have a significant exposure to currency risk.

# CANADA LIFE CORE BOND FUND (PORTICO)

(Formerly Core Bond Fund (Portico))

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## NOTES TO FINANCIAL STATEMENTS

### 9. Fund Specific Information (in '000s, except for (a)) (cont'd)

#### (h) Risks Associated with Financial Instruments (cont'd)

##### iii. Interest rate risk

The table below summarizes the Fund's exposure to interest rate risks from its investments in bonds by term to maturity.

	September 30, 2020	March 31, 2020
Bonds	(\$)	(\$)
Less than 1 year	5,842	9,293
1-5 years	175,458	104,858
5-10 years	91,923	77,812
Greater than 10 years	164,677	106,113
Total	437,900	298,076

As at September 30, 2020, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased by approximately \$36,714 or 8.3% of total net assets (March 31, 2020 – \$23,668 or 7.7%). In practice, the actual trading results may differ and the difference could be material.

##### iv. Other price risk

As at September 30, 2020 and March 31, 2020, the Fund did not have a significant exposure to price risk.

##### v. Credit risk

The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The maximum exposure to any one debt issuer as at September 30, 2020, was 22.7% of the net assets of the Fund (March 31, 2020 – 26.2%).

As at September 30, 2020 and March 31, 2020, debt securities by credit rating are as follows:

	September 30, 2020	March 31, 2020
Bond Rating*	% of Net Assets	% of Net Assets
AAA	28.6	30.9
AA	16.0	15.9
A	36.8	32.8
BBB	10.6	9.8
Less than BBB	–	0.3
Unrated	6.7	7.8
Total	98.7	97.5

\* Credit ratings and rating categories are based on ratings issued by a designated rating organization

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## NOTES TO FINANCIAL STATEMENTS

### 9. Fund Specific Information (in '000s, except for (a)) (cont'd)

#### (i) Fair Value Classification

The table below summarizes the fair value of the Fund's financial instruments using the following fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The inputs are considered observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

	September 30, 2020				March 31, 2020			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	437,900	–	437,900	–	298,076	–	298,076
Short-term investments	–	–	–	–	–	7,100	–	7,100
Total	–	437,900	–	437,900	–	305,176	–	305,176

The Fund's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

During the period, there were no transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Short-term investments classified as Level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.